



# K A N S A S

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## DEPARTMENT OF CREDIT UNIONS

**DATE:** November 9, 2006  
**BULLETIN:** 2006-KDCU-CUB-08  
**TO:** Management of Kansas chartered credit unions  
**SUBJECT:** The Financial Services Regulatory Relief Act of 2006

On October 16, 2006, the President signed S. 2856, The Financial Services Regulatory Relief Act of 2006. The new law contains several relief provisions for credit unions and other financial institutions. This Bulletin summarizes the provisions affecting state-chartered credit unions. More information can be found at <http://thomas.loc.gov/cgi-bin/bdquery/z?d109:SN02856:>

- ✓ The Act allows check-cashing and money-transfer services to be offered to nonmembers within a federal credit union's field of membership.

***Check cashing or providing money-transfer services for those within the field of membership of a Kansas chartered credit union is an incidental power activity that is necessary to enable a credit union to carry on effectively the business for which the credit union is incorporated. Check cashing and money transfer services must follow applicable regulations and be done in a safe and sound manner (K.S.A. 17-2204(l)).***

- ✓ Increases the permissible maturity of unsecured federal credit union loans from 12 to 15 years.

***There is no maturity limit on unsecured loans for Kansas chartered credit unions.***

- ✓ Amends the Federal Credit Union Act (FCUA) to allow military and civilian authorities responsible for buildings erected on federal property to extend real estate leases at minimal charge to credit unions that finance the construction of credit union facilities on federal land.

***This provision would apply to Kansas chartered credit unions.***

- ✓ Redefines "net worth" for prompt corrective action (PCA) purposes so that, in a merger, the continuing credit union can combine the merging credit union's net worth with its own for purposes of calculating the continuing credit union's post-merger net worth ratio.

***This provision applies to Kansas chartered credit unions and allows merging credit unions to continue counting the retained earnings of both credit unions, prior to merger, as net worth for prompt corrective action purposes.***

Please call our office at (785) 296-3021 if you have questions concerning the new federal law.

John P. Smith, Administrator

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